



EDMUND G. BROWN JR., Governor
JOHN LAIRD, Secretary for Natural Resources

MEMORANDUM

DATE: February 20, 2018

TO: Greenhouse Gas Reduction Fund (GGRF) Program File

FROM: John Laird, Secretary for Natural Resources *John Laird*
Sam Schuchat, Executive Officer, State Coastal Conservancy *Sam Schuchat*
John Ainsworth, Executive Director, California Coastal Commission *John Ainsworth*
Lawrence J. Goldzband, Executive Director, San Francisco Bay Conservation and Development Commission *Lawrence J. Goldzband*

SUBJECT: GREENHOUSE GAS REDUCTION FUND: State Coastal Conservancy, California Coastal Commission and San Francisco Bay Conservation and Development Commission

EXPENDITURE RECORD FOR FISCAL YEAR 2017-2018
Climate Ready Program and Coastal Resilience Planning

This Attestation Memorandum documents that State Coastal Conservancy, California Coastal Commission and San Francisco Bay Conservation and Development Commission completed the attached Expenditure Record on February 20, 2018 for the Climate Ready Program and Coastal Resilience Planning program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Mary Small, Deputy Executive Officer, State Coastal Conservancy, mary.small@scc.ca.gov and 510-286-4181.

Attachment

Greenhouse Gas Reduction Fund: Expenditure Record

State Coastal Conservancy, California Coastal Commission and San Francisco Bay
Conservation and Development Commission
Climate Ready Program and Coastal Resilience Planning

Authorizing legislation: Item 3760-101-3228 of the Budget Act of 2017, as amended by Assembly Bill (AB) 109 (Chapter 14, Statutes of 2017) appropriates \$4.5 million to the State Coastal Conservancy, \$1.5 million to the California Coastal Commission, and \$500,000 to the San Francisco Bay Conservation and Development Commission.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none">▪ State Coastal Conservancy (SCC)▪ California Coastal Commission (CCC)▪ San Francisco Bay Conservation and Development Commission (BCDC)
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none">▪ The total expenditure is \$6 million, per Item 3760-101-3228 of the Budget Act of 2017, as amended by AB 109 (Chapter 249, Statutes of 2017): \$4 million to the State Coastal Conservancy for the Climate Ready Program, \$1.5 million to the California Coastal Commission, \$500,000 to the San Francisco Bay Conservation and Development Commission.
<input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs	<ul style="list-style-type: none">▪ The total expenditure includes \$1.45 million for State Operations costs. The CCC will expend \$750,000 for state operations, BCDC will expend \$500,000 for state operations, SCC will expend \$200,000 for state operations.▪ Administrative costs for the three agencies will not exceed \$300,000 or 5 percent.
<input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used	<ul style="list-style-type: none">▪ SB 1066 (Lieu, Chapter 611, Statutes of 2012) authorizes the SCC to undertake projects that reduce greenhouse gas emissions and to address the impacts and potential impacts of climate change.▪ AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of The Global Warming Solutions Act of 2006.

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	<ul style="list-style-type: none"> ▪ The CCC works under the mandate of the California Coastal Act to implement elements of the Coastal Act that involve planning and regulatory actions that facilitate the reduction of GHG emissions. ▪ BCDC works under the mandate of the McAteer-Petris Act to promote responsible planning and regulation of San Francisco Bay shoreline and placement of fill in the Bay. ▪ AB 398 (E. Garcia, Chapter 135, Statutes of 2017) identifies legislative priorities for allocating auction revenue proceeds to include climate adaptation and resiliency. The Budget Act of 2017, as amended by AB 109, provides direction on the types of projects that should be funded.
<input type="checkbox"/> Continuation of existing Expenditure Record	<ul style="list-style-type: none"> ▪ This is a new program that does not have an existing Expenditure Record.
<input type="checkbox"/> Project type(s)	<ul style="list-style-type: none"> ▪ Climate adaptation and resiliency ▪ Wetlands and watershed restoration ▪ Land restoration and forest health ▪ Urban forestry and urban greening
<input type="checkbox"/> Describe the projects and/or measures that will be eligible for funding	<ul style="list-style-type: none"> ▪ SCC grants will support multi-benefit climate adaptation projects that could include urban greening, natural infrastructure, wetland enhancement, riparian restoration, and creation of non-motorized trails. ▪ CCC staff work will support: <ul style="list-style-type: none"> - Community-level vulnerability assessment and adaptation plans, local land use plans and zoning ordinances. - Land use planning and regulatory actions, including: <ul style="list-style-type: none"> ▪ Protection of agricultural lands, maintain lands for agricultural purposes. ▪ Facilitation of smart growth in land use plans and zoning ordinances, including but not limited to transit-oriented development, multi-modal transportation, reducing vehicle miles travelled and improving energy efficiently. ▪ Permitting of renewable energy projects. ▪ Permitting projects for multi-modal transportation in coastal zone. - Collecting key shoreline data that is essential for effective climate resiliency planning and implementation; ▪ CCC's grants to coastal local governments will support climate change adaptation planning that concentrate

	development and facilitate greenhouse gas reduction by being accessible to transit that reduces vehicle miles travelled.
	<ul style="list-style-type: none"> ▪ BCDC will use the funds to prepare vulnerability assessments and to conduct climate resilience planning, and to increase resilience of projects proposed in BCDC's permit jurisdiction to rising sea levels.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> ▪ Eligible grantees for the SCC Climate Ready grants will include public agencies, non-profit organizations and tribes. ▪ Eligible grantees for the CCC grant funds are the 76 local coastal jurisdictions.
<input type="checkbox"/> Process for selecting projects for funding	<ul style="list-style-type: none"> ▪ SCC will award \$3.8 million in grant funds through a competitive solicitation, evaluation, and selection of projects according to existing SCC <u>Project Selection Criteria</u> and the SCC's <u>Climate Ready Programmatic Priorities</u>. ▪ CCC will award \$750,000 in local assistance funds to local governments through a competitive solicitation, evaluation, and selection of grant awards according to <u>Program Priorities and Selection Criteria</u>, adopted by the Coastal Commission August 14, 2013. These criteria will be updated in 2018 to include additional specific criteria related to GGRF funding prior to call for grants.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

<input type="checkbox"/> How the expenditure is reflected in the Investment Plan and the Scoping Plan	<ul style="list-style-type: none"> ▪ AB 1532 requires that monies from the Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The Cap-and-Trade Auction Proceeds Second Investment Plan¹ identifies that "wetlands in California not only sequester carbon, they are the first line of defense against sea-level rise and storm surge". Investments in wetlands can improve water quality, provide recreational opportunities, and provide direct economic benefit to the local community. The plan also lists the benefits of urban greening and urban forests, stating that "carbon sequestration, air filtration, community cooling, improved active transportation and recreation conditions, improved storm-water runoff, and
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¹ <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/16-17-updated-final-second-investment-planii.pdf>

water retention can each provide incremental climate benefits.”

- California's 2017 Climate Change Scoping Plan² identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32. The plan recommends including natural and working lands as part of the state's climate solution through “[r]ehabilitating and strengthening wetlands and tidal environments, and incorporating natural landscapes into urban environments.” It calls for “keeping natural and working lands intact and at high levels of ecological function (including resilient carbon sequestration).” The plan also recommends strengthening the individual activities of programs such as the SCC Climate Ready Program that rely on best available science to support actions to slow climate change trends in concert with other production and ecological land use objectives.
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Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

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| <input type="checkbox"/> Describe how expenditures will facilitate the achievement of GHG emission reductions in the State | <ul style="list-style-type: none">▪ Some projects funded by the SCC will achieve net GHG benefits by restoring coastal wetlands that sequester carbon.▪ Other projects funded by the SCC will achieve net GHG benefits by sequestering carbon by planting trees.▪ Other projects funded by the SCC will facilitate GHG reductions by reducing vehicle miles traveled by constructing bicycle paths, bicycle lanes, or pedestrian facilities that provide safe routes for travel between residences, workplaces, commercial centers, and schools.▪ Some expenditures by CCC will facilitate GHG reductions by planning and implementing regulatory actions to reduce vehicle miles travelled, concentrating development, supporting green infrastructure and protecting or restoring wetlands, coastal habitats, and agricultural lands.▪ The CCC will also support some projects that achieve net GHG benefits by putting land use policies in place that:<ul style="list-style-type: none">- Prevent conversion of natural and working lands to development; |
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² https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf

	<ul style="list-style-type: none"> - Maintain lands for agricultural purposes or provide for enhanced management of agricultural lands to sequester carbon; - Enhance or restore tidal wetlands (through permit actions, conditions of approval) that provide GHG benefit through carbon sequestration; - Zone lands for open space in anticipation of hazards from sea level rise that will otherwise threaten development. <ul style="list-style-type: none"> ▪ Expenditures by BCDC will facilitate GHG emission reductions by increasing resilience to rising sea level that will reduce future flooding and need for cleanup and rebuilding. GHG emissions are avoided by increasing resilience and thereby reducing flooding and the resultant remediation and rebuilding of flooded areas.
<input type="checkbox"/> Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained	<ul style="list-style-type: none"> ▪ SCC grants that fund wetland enhancement are expected to begin delivering GHG benefits within three years of successful project implementation. It is anticipated that the emission reductions will be maintained for at least 25-50 years, assuming the absence of events that lead to unintended reversals. ▪ SCC grants for planting trees will sequester carbon as they grow and avoid GHG emissions by shading buildings to reduce energy use. These projects will be quantified over a 40-year project life; they are expected to produce GHG benefits by 2021. ▪ SCC grants that build bicycle paths, bicycle lanes, or pedestrian facilities will avoid GHG emissions by reducing VMT, which will be quantified over a 20-year project life and will be expected to deliver benefits starting in 2022. ▪ Local Coastal Programs are key planning documents that shape development patterns along the California coast and will have long term benefit to facilitate GHG reductions.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

<input type="checkbox"/> Expected co-benefits, particularly environmental,	<ul style="list-style-type: none"> ▪ Climate adaptation projects will result in a number of co-benefits such as reducing the impacts of climate change on public health, preventing loss of property or disruption of
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economic, public health and safety, and climate resiliency	<p>critical infrastructure, helping conserve natural resources, improving water quality and creating jobs.</p> <ul style="list-style-type: none"> ▪ Providing more bike and pedestrian paths will improve public health by creating recreational amenities that encourage physical activity. Some paths will also make it easier for people to bike or walk to work, school, local businesses or transit connections, thereby reducing vehicle miles travelled, as described above.
<input type="checkbox"/> How the project will support other objectives of AB 32 and related amendments	<ul style="list-style-type: none"> ▪ Maximizes additional environmental and economic co-benefits for California; ▪ Complements the State's efforts to improve air quality; ▪ Directs public and private investment toward the most disadvantaged communities in California
<input type="checkbox"/> Percentage of total funding that will be expended for projects that benefit disadvantaged or low-income communities and low-income households per CARB guidance	<ul style="list-style-type: none"> ▪ The SCC has established a target to expend at least 75 percent of the total project funded under this appropriation to fund projects in and benefitting disadvantaged or low-income communities. ▪ CCC and BCDC's work on climate resilience has a strong focus on social equity and disadvantaged communities.
<input type="checkbox"/> Describe the benefits to disadvantaged or low-income communities and low-income households per CARB guidance	<ul style="list-style-type: none"> ▪ These expenditures will support projects located in and benefitting disadvantaged and low-income communities as identified by CalEPA through other benefits such as: ▪ Improving trails and connectivity that benefits disadvantaged and low-income communities ▪ Expanding or improving active transportation routes (e.g., walking or bicycle paths) that are publicly accessible by walking within one or more disadvantaged or low income communities; ▪ Improving or creating new open spaces, parks, greenbelts, and recreational areas publicly accessible by walking within one or more disadvantaged or low income communities; ▪ Ensuring that some of the jobs created by the project will go to residents of disadvantaged or low-income communities and low-income households; ▪ Reducing vulnerability of disadvantaged and low-income communities to impacts of climate change, including flooding and damage to critical infrastructure;

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- Maintaining water quality and health of watersheds serving disadvantaged and low-income communities through avoiding the conversion and development;
 - Providing educational opportunities through partnerships with schools or non-profit organizations located in or serving disadvantaged or low-income communities and low-income households.
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| <input type="checkbox"/> Explain strategies the administering agency will use to maximize benefits to disadvantaged communities | <ul style="list-style-type: none"> ▪ SCC will set aside 75% of the funds for projects located in and benefiting disadvantaged or low-income communities. This will help maximize benefits and support efforts to meet, or exceed statutory requirements for expenditures that benefit disadvantaged communities. ▪ CCC's regulatory and planning and grant programs will focus on identifying actions and benefits to disadvantaged communities. ▪ Addressing the needs of disadvantaged communities is a main goal of BCDC's Adapting to Rising Tides Program. |
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Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

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| <input type="checkbox"/> How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance | <ul style="list-style-type: none"> ▪ The SCC will require funding recipients to maintain records and submit quarterly status reports consistent with CARB guidance. In addition, the SCC will require progress reports to accompany each invoice and will audit the completed project before releasing final payment. Completed SCC grant projects will be monitored by SCC project managers. ▪ The CCC will require funded local governments to maintain records and submit quarterly status reports consistent with CARB guidance. In addition, the CCC will require progress reports to accompany each invoice and will thoroughly review the completed Local Coastal Program (LCP) plan deliverables before releasing final payment. CCC LCP grant managers will work closely with local government grant recipients. |
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<input type="checkbox"/> Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion. Include citations for references that support methodology	<ul style="list-style-type: none">▪ For applicable projects, SCC will work closely with CARB to estimate the net GHG benefits of the projects that are funded.▪ When feasible and appropriate to the specific project, GHG emission reductions will be estimated based on project-specific inputs using CARB methodologies and values from the literature.▪ CCC and BCDC will provide narrative summary of staff work and projects, including analysis of GHG benefits achieved and documentation of climate change adaptation planning accomplishments.
<input type="checkbox"/> Type of information that will be collected to document results, consistent with CARB guidance	<ul style="list-style-type: none">▪ Administering agencies will compile data related to investments, including information such as: project location, GHG emission reductions, co-benefits such as number of jobs created and other benefits to disadvantaged and low-income communities.
<input type="checkbox"/> How the administering agency will report on program status	<ul style="list-style-type: none">▪ The SCC will provide regular updates on expenditures, project status, and benefits in reports prepared according to CARB's Funding Guidelines. At a minimum, the reports will include expenditure amounts, and current estimates of GHG emission reductions (when quantified) and other applicable co-benefits (e.g. reduced impacts of climate change, conserved natural resources, improved water quality, new recreational opportunities and created jobs). Reports will also include information on project outcomes for a subset of projects.
